

Oxford Community Schools

Oxford, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2008

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Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2008

Members of the Board of Education

Colleen Schultz – President

Lee Barclay – Vice-President

Carol Mitchell – Secretary

Doug Myer – Treasurer

Mary Stein – Trustee

Pam Phelps – Trustee

Sue Tombrella – Trustee

Administration

Dr. William Skilling – Superintendent

Timothy Loock – Assistant Superintendent for Business and Operations

Independent Auditors' Report

To the Board of Education
Oxford Community Schools
Oxford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oxford Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Community Schools as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2008, on our consideration of the Oxford Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxford Community Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

Saginaw, Michigan
October 3, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools

Management's Discussion and Analysis

June 30, 2008

The Oxford Community Schools (the "School District") is located in Oakland and Lapeer Counties approximately 40 miles north of the city of Detroit. It is an independent School district governed by a seven-member elected Board of Education, whose funding is substantially determined by the State's funding formula. There are three K-5 elementary schools, one pre-K-2 elementary school, one 3-5 elementary school, one 6-8 middle school, one 9-12 high school, an administration office, and maintenance and transportation facilities. Educational services are provided to a private agency for court-placed residential students.

This section of the 2008 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Oxford Community Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund and Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Financial Section

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 - Fund Financial Statements
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- Required Supplemental Information
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Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the School District's net assets – the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community education, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Services and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliation.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Summary of The Statement of Net Assets (in Millions)		
	2008	2007
	Governmental	Governmental
	Activities	Activities
Assets		
Current Assets	\$ 16.85	\$ 13.90
Capital Assets, net book value	115.57	117.00
Total Assets	132.42	130.90
Liabilities		
Current Liabilities	12.38	7.56
Noncurrent Liabilities	124.45	128.23
Total Liabilities	136.83	135.79
Net Assets (Deficit)		
Invested in Capital Assets	(0.85)	(0.58)
Restricted	1.14	3.01
Unrestricted	(4.70)	(7.32)
Total Net Assets (Deficit)	(4.41)	(4.89)

Recall that the statement of net assets provides the perspective of the School District as a whole. The School District's net deficit was (\$4.4 million). Capital assets, net of related debt totaling (\$0.9 million), compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets is unrestricted and totals (\$4.7 million).

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

The (\$4.7 million) of unrestricted net deficit for governmental activities represents the accumulated results of all past years operations. A positive unrestricted net assets balance would enable the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. Progress was made in reducing the deficit in net assets. However, the School District's unrestricted net asset balance is still a deficit that signals potential cash flow difficulties. This is why we have borrowed against future State Aid in order to have adequate cash on hand for operating purposes. There is also no reserve available to handle large unexpected uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

Summary of Net Activities (in Millions)

	2008	2007
	Governmental Activities	Governmental Activities
Revenues		
Program revenues		
Charges for services	\$ 2.07	\$ 2.30
Operating grants and contributions	4.40	3.92
General revenues		
Property taxes	13.24	12.64
State aid	28.80	28.25
Investment earnings	0.30	0.29
Other	0.04	0.04
Total revenues	<u>48.85</u>	<u>47.44</u>
Expenses		
Instruction	25.43	25.14
Support services	13.86	13.60
Food services	1.75	1.58
Athletics	0.63	0.60
Community service	1.09	1.23
Interest on long-term debt	5.61	5.73
Total expenses	<u>48.37</u>	<u>47.88</u>
Change in net assets	<u>\$ 0.48</u>	<u>\$ (0.43)</u>

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

As reported in the statement of activities, the cost of all of our governmental activities this year was \$48.4 million. Certain activities are partially funded by those who benefited from the programs, \$2.1 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$4.4 million. We paid for the remaining "public benefit" portion of our governmental activities with \$13.2 million in taxes, \$28.8 million in State aid, and with our other revenues, i.e., interest income and general entitlements.

The School District experienced an increase in net assets of \$.5 million, which decreased the total net deficit from (\$4.9 million) to (\$4.4 million). This change is due primarily to a significant increase in revenues coupled with a moderate increase in expenses.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$6.3 million, which is a decrease of \$.7 million from last year. The primary reasons for the decrease are noted as follows:

- In the General Fund, our principal operating fund, the fund balance increased \$1.3 million to approximately \$4.9 million. This change is mainly due to additional students enrolled, controlling expenditures and the unexpected receipt of state aid related to prior years. The General Fund's fund balance is available to fund costs related to allowable school operating purposes.
- The Capital Projects Fund balance of approximately \$2.3 million was spent this year to pay for the completion of energy conservation projects throughout the district. The depletion of this fund balance is the major reason for the \$.7 million drop in combined fund balance.
- Our Special Revenue Funds (Food Services, Athletics, and Community Services Funds) remained relatively stable with a combined net decrease in fund balance of approximately (\$18,000). Athletics and Community Services posted modest operating surpluses. The fund balance in Food Services was spent down to provide a much-needed replacement of ventilation and fire suppression systems in the middle school kitchen. Overall, the directors of these three activities provide prudent management of their respective funds.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

- Combined, the Debt Service Funds showed a fund balance decrease of approximately (\$.3 million). Millage rates are set annually to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. Durant debt obligations are funded by annual State appropriation, and no fund balance exists at year-end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year-end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were revisions made to the 2007-2008 General Fund original budget. Budgeted revenues were increased approximately \$1.1 million due to increased State Aid related to additional student enrollment. The variance from budget to actual for revenues was not significant.

Budgeted expenditures were increased approximately \$31,000. The variance from budget to actual for expenditures was not significant.

Capital Assets and Debt Administration

Summary of Capital Assets

	2008	2007
Capital Assets		
Land	\$ 354,000	\$ 354,000
Construction in progress	-	657,707
Buildings and improvements	135,371,343	132,410,548
Furniture and equipment	16,223,803	16,207,411
Buses and other vehicles	2,325,433	2,362,831
Subtotal	154,274,579	151,992,497
Less accumulated depreciation	(38,699,764)	(34,988,240)
Total Capital Assets	<u>\$ 115,574,815</u>	<u>\$ 117,004,257</u>

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

As of June 30, 2008 the School District had \$115.6 million, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of (\$1.4 million) due to depreciation. We present information that is more detailed about our capital assets in the notes to the financial statements.

At the end of the year, the School District had \$93.2 million in general obligation bonds outstanding versus \$97 million in the previous year (a change of 4%). Those bonds consisted of the following:

Summary of Debt		
	2008	2007
General Obligation Bonds		
2001 General Obligation Bonds	\$ 4,650,000	\$ 6,200,000
2003 Refunding Bonds	1,425,000	2,400,000
2004 Refunding Bonds	34,705,000	36,075,000
2005 Refunding Bonds	12,410,000	12,410,000
2006 Refunding Bonds	36,955,000	36,955,000
2007 Energy Bond	2,912,143	2,912,143
Total general obligation bonds outstanding	93,057,143	96,952,143
Premium on bonds	2,550,747	2,728,606
Deferred amount of refunding	(2,942,981)	(3,099,465)
Durant Non-Plaintiff Bond	314,273	314,273
Installment loans	92,656	115,923
School Bond Loan Fund borrowings (including accrued interest)	30,204,947	28,525,775
Compensated Absences	1,971,384	1,875,377
Retirement Incentives	357,248	818,213
Total Debt	<u>\$ 125,605,417</u>	<u>\$ 128,230,845</u>

The reduction in bonded debt is due to paying down the principal balance on the outstanding bonds.

The School District's general obligation bond rating is A1. The State limits the amount of general obligation debt that schools can issue to 15 percent (\$208 million) of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e. debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$93.0 million is significantly below this \$208 million statutorily imposed limit.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2008

Other obligations include accrued vacation pay, sick leave, early separation agreements, notes payable and School Bond Loan Fund. We present information that is more detailed about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets

Our elected officials and the administration consider many factors when setting the School District's 2008-2009 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008-2009 fiscal year is 25 percent and 75 percent of the February 2008 and September 2008 student counts, respectively. The 2008-2009 budget was adopted in June 2008, based on an estimate of students that will be enrolled in September 2008. Approximately 50 percent of total General Fund revenue is from the State portion of the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations.

The blended count used to formulate the 2008-2009 budget is 8 students less than the 2007-2008 count. Enrollment projections show student counts remaining relatively static. Given the current economic conditions and loss of students statewide, the prudent approach is to budget for fewer students. Preliminary enrollment numbers show there may be a slight increase in the September student count. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

The State has adopted a budget for the 2008-2009 school year that includes a \$106 increase in the per pupil foundation allowance for Oxford. If the State's revenue budget falls short of projections, the legislature must then revise the appropriation or pro-ration of State aid will occur. We did not receive a pro-ration in the last fiscal year. At this time, it is not known whether a mid-year pro-ration will occur in 2008-2009, and what the impact will be on revenues. Given the upward pressure on expenditures and probable inadequate revenue increases, it is likely that budget reductions are needed for the foreseeable future if the school district hopes to maintain financial stability and independence. Every means will be used to minimize the impact on classroom instruction and services that affect student achievement.

This report is designed to give an overview of the financial condition of the Oxford Community Schools. If there are additional questions or information needed, please contact the business office at (248) 969-5012.

BASIC FINANCIAL STATEMENTS

Oxford Community Schools
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,793,545
Taxes receivable	49,595
Accounts receivable	126,949
Due from other governmental units	5,903,307
Inventory	37,927
Capital assets not being depreciated	354,000
Capital assets - net of accumulated depreciation	<u>115,220,815</u>
Total assets	<u>129,486,138</u>
Liabilities	
Accounts payable	2,154,866
State aid anticipation note payable	3,000,000
Payroll deductions and withholdings	33,544
Accrued expenditures	710,282
Accrued salaries payable	2,342,293
Deferred revenue	47,077
Noncurrent liabilities	
Due within one year	4,073,607
Due in more than one year	<u>121,531,810</u>
Total liabilities	<u>133,893,479</u>
Net assets (deficit)	
Invested in capital assets, net of related debt	(850,806)
Restricted for:	
Food service	118,675
Debt service	1,024,142
Unrestricted	<u>(4,699,352)</u>
Total net assets (deficit)	<u><u>\$ (4,407,341)</u></u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 25,429,404	\$ 20	\$ 3,371,895	\$ -	\$ (22,057,489)
Supporting services	13,857,540	68,386	497,966	-	(13,291,188)
Food services	1,750,095	1,021,547	433,946	-	(294,602)
Athletic activities	631,087	102,456	-	-	(528,631)
Community services	1,090,918	874,452	96,335	-	(120,131)
Interest on long-term debt	5,610,534	-	-	-	(5,610,534)
Total governmental activities	<u>\$ 48,369,578</u>	<u>\$ 2,066,861</u>	<u>\$ 4,400,142</u>	<u>\$ -</u>	<u>(41,902,575)</u>
General revenues					
Property taxes, levied for general purposes					5,246,071
Property taxes, levied for debt service					7,995,982
State aid - unrestricted					28,802,000
Interest and investment earnings					295,394
Other					<u>42,766</u>
Total general revenues					<u>42,382,213</u>
Change in net assets					479,638
Net assets (deficit) - beginning					<u>(4,886,979)</u>
Net assets (deficit) - ending					<u>\$ (4,407,341)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 7,010,557	\$ 782,988	\$ 7,793,545
Taxes receivable	7,636	41,959	49,595
Accounts receivable	41,260	85,689	126,949
Due from other funds	-	1,312,617	1,312,617
Due from other governmental units	5,903,307	-	5,903,307
Inventory	-	37,927	37,927
Total assets	\$ 12,962,760	\$ 2,261,180	\$ 15,223,940
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 2,000,235	\$ 154,631	\$ 2,154,866
State aid anticipation note payable	3,000,000	-	3,000,000
Due to other funds	710,343	602,274	1,312,617
Payroll deductions and withholdings	33,544	-	33,544
Accrued salaries payable	2,317,611	24,682	2,342,293
Deferred revenue	7,291	82,383	89,674
Total liabilities	8,069,024	863,970	8,932,994
Fund balance			
Reserved for inventory	-	37,927	37,927
Reserved for debt service	-	1,024,142	1,024,142
Designated for long-term debt obligations	3,793,736	-	3,793,736
Designated for curriculum and program improvements	500,000	-	500,000
Designated for technology	300,000	-	300,000
Designated for bus purchases	300,000	-	300,000
Other undesignated	-	335,141	335,141
Total fund balance	4,893,736	1,397,210	6,290,946
Total liabilities and fund balance	\$ 12,962,760	\$ 2,261,180	\$ 15,223,940

See Accompanying Notes to Financial Statements

Oxford Community Schools
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2008

Total fund balances for governmental funds	\$ 6,290,946
Total net assets for governmental activities in the statement of net assets is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	42,597
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	354,000
Capital assets - net of accumulated depreciation	115,220,815
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(710,282)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,971,384)
Bonds payable	(95,922,163)
Deferred amount on refunding	2,942,981
School bond loan payable	(23,360,055)
Accrued interest on school bond loan fund	(6,844,892)
Special termination benefits	(357,248)
Other loans payable and liabilities	<u>(92,656)</u>
Net assets of governmental activities	<u>\$ (4,407,341)</u>

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 5,597,342	\$ 10,049,732	\$ 15,647,074
State sources	28,802,000	195,423	28,997,423
Federal sources	1,547,860	371,316	1,919,176
Interdistrict sources	2,322,001	-	2,322,001
	<u>38,269,203</u>	<u>10,616,471</u>	<u>48,885,674</u>
Total revenues			
Expenditures			
Current			
Education			
Instruction	21,772,269	-	21,772,269
Supporting services	13,482,648	-	13,482,648
Food services	-	1,525,160	1,525,160
Athletic activities	-	631,087	631,087
Community services	8,501	932,460	940,961
Intergovernmental payments	976,327	-	976,327
Capital outlay	84,062	2,305,313	2,389,375
Debt service			
Principal	-	3,895,000	3,895,000
Interest and other expenditures	91,506	4,399,550	4,491,056
	<u>36,415,313</u>	<u>13,688,570</u>	<u>50,103,883</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>1,853,890</u>	<u>(3,072,099)</u>	<u>(1,218,209)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)			
Proceeds from school bond loan fund	\$ -	\$ 515,878	\$ 515,878
Transfers in	-	556,130	556,130
Transfers out	<u>(556,130)</u>	<u>-</u>	<u>(556,130)</u>
Total other financing sources (uses)	<u>(556,130)</u>	<u>1,072,008</u>	<u>515,878</u>
Net change in fund balance	1,297,760	(2,000,091)	(702,331)
Fund balance - beginning	<u>3,595,976</u>	<u>3,397,301</u>	<u>6,993,277</u>
Fund balance - ending	<u>\$ 4,893,736</u>	<u>\$ 1,397,210</u>	<u>\$ 6,290,946</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - Total governmental funds \$ (702,331)

Total change in net assets reported for governmental activities in the statement of activities
is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as
revenue in the funds.

Operating grants (36,458)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of
those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (3,748,922)
Capital outlay 2,319,480

Expenses are recorded when incurred in the statement of activities.

Interest 22,441
Interest on school bond loan fund (1,163,294)
Special termination benefits 364,958

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute
to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does
not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces
the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts
and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued (515,878)
Repayments of long-term debt 3,918,267
Amortization of premiums 177,859
Amortization of gain on debt defeasance (156,484)

Change in net assets of governmental activities \$ 479,638

See Accompanying Notes to Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Fiduciary Net Assets and Liabilities
June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 322,565</u>
Liabilities	
Due to agency fund activities	<u>\$ 322,565</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools

Notes to Financial Statements

June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Oxford Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as

Oxford Community Schools

Notes to Financial Statements

June 30, 2008

under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Funds – The General Funds are used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service, Athletic, and Community Service Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Funds – The Building and Site Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites,

building, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2008, the rates are as follows per \$1,000 of assessed value.

General Fund	
Nonhomestead	17.9946
Debt Service Funds	
Homestead	7.0000
Nonhomestead	7.0000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 66% of the School District's tax roll lies within Oxford Township.

Oxford Community Schools

Notes to Financial Statements

June 30, 2008

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$10,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	50 years
Site improvements	10-20 years
Equipment and furniture	5-15 years
Buses and other vehicles	7 years

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of accumulated sick leave balance. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Upcoming Accounting and Reporting Change

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution

Oxford Community Schools

Notes to Financial Statements

June 30, 2008

remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. In general, the new rules will cause district-wide financial statements to include intangible assets as capital assets. This statement is effective for the year ending June 30, 2010.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter

the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 17,153,128	\$ 17,277,748	\$ 124,620
School administration	2,204,839	2,207,834	2,995

Deficit Net Assets

As of June 30, 2008, the School District reported a government-wide total net deficit balance of \$4,407,341. The deficit is the result of borrowings in excess of capital assets placed into service. The district expects to eliminate this deficit through future debt tax levies.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	<u>\$ 7,793,545</u>	<u>\$ 322,565</u>	<u>\$ 8,116,110</u>

Oxford Community Schools

Notes to Financial Statements

June 30, 2008

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 8,115,860
Petty cash and cash on hand	<u>250</u>
Total	<u>\$ 8,116,110</u>

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 12 months.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the District's total investments.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$8,190,471 of the District's bank balance of \$8,390,471 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 354,000	\$ -	\$ -	\$ 354,000
Construction in progress	<u>657,707</u>	<u>(657,707)</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,011,707</u>	<u>(657,707)</u>	<u>-</u>	<u>354,000</u>
Capital assets being depreciated				
Buildings and additions	132,410,548	2,960,795	-	135,371,343
Equipment and furniture	16,207,411	16,392	-	16,223,803
Buses and other vehicles	<u>2,362,831</u>	<u>-</u>	<u>37,398</u>	<u>2,325,433</u>
Total capital assets being depreciated	<u>150,980,790</u>	<u>2,977,187</u>	<u>37,398</u>	<u>153,920,579</u>
Less accumulated depreciation for				
Buildings and additions	23,090,425	2,503,082	-	25,593,507
Equipment and furniture	10,024,246	1,080,987	-	11,105,233
Buses and other vehicles	<u>1,873,569</u>	<u>164,853</u>	<u>37,398</u>	<u>2,001,024</u>
Total accumulated depreciation	<u>34,988,240</u>	<u>3,748,922</u>	<u>37,398</u>	<u>38,699,764</u>
Net capital assets being depreciated	<u>115,992,550</u>	<u>(771,735)</u>	<u>-</u>	<u>115,220,815</u>
Net capital assets	<u>\$ 117,004,257</u>	<u>\$ (1,429,442)</u>	<u>\$ -</u>	<u>\$ 115,574,815</u>

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 2,999,138
Support services	374,892
Food services	224,935
Community services	<u>149,957</u>
Total governmental activities	<u>\$ 3,748,922</u>

Note 5 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 710,343
Nonmajor Funds	Nonmajor Funds	<u>602,274</u>
		<u>\$ 1,312,617</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>General Fund</u>
Transfers in	
Non Major Funds	<u>\$ 556,130</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

Note 6 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Federal Grants	\$ -	\$ 7,291
Childcare	42,597	23,050
Food service	<u>-</u>	<u>16,736</u>
Total	<u>\$ 42,597</u>	<u>\$ 47,077</u>

Note 7 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 96,952,143	\$ -	\$ (3,895,000)	\$ 93,057,143	\$ 3,901,658
Durant bonds	314,273	-	-	314,273	29,621
Installment loans	115,923	-	(23,267)	92,656	22,328
School Bond Loan	22,844,177	515,878	-	23,360,055	-
Accrued interest on School Bond Loan Fund	5,681,598	1,163,294	-	6,844,892	-
Compensated absences	1,875,377	366,594	(270,587)	1,971,384	-
Retirement incentives	818,213	-	(460,965)	357,248	120,000
Premium on bonds	2,728,606	-	(177,859)	2,550,747	-
Deferred amount on refunding	(3,099,465)	-	156,484	(2,942,981)	-
Total	<u>\$ 128,230,845</u>	<u>\$ 2,045,766</u>	<u>\$ (4,671,194)</u>	<u>\$ 125,605,417</u>	<u>\$ 4,073,607</u>

General obligation bonds payable at year end, consists of the following:

\$61,750,000 serial bonds due in annual installments of \$1,550,000 through May 1, 2011, interest at 4.00% to 5.00%	\$ 4,650,000
\$7,400,000 refunding bonds due in annual installments of \$120,000 to \$935,000 through May 1, 2013, interest at 3.50% to 4.00%	1,425,000
\$37,735,000 refunding bonds due in annual installments of \$1,345,000 to \$2,250,000 through May 1, 2025, interest at 3.50% to 5.00%	34,705,000
\$12,555,000 refunding bonds due in annual installments of \$2,445,000 to \$2,505,000 through May 1, 2018, interest at 3.00% to 5.00%	12,410,000
\$2,912,143 bonds due in monthly installments of \$71,658 to \$365,053 through June 23, 2022, interest at 3.98%	2,912,143
\$36,955,000 refunding bonds due in annual installments of \$100,000 to \$2,550,000 through May 1, 2031, interest at 4.00% to 5.50%	<u>36,955,000</u>
Total general obligation bonded debt	<u>\$ 93,057,143</u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2009	\$ 3,901,658	\$ 4,229,261	\$ 8,130,919
2010	3,552,237	4,060,329	7,612,566
2011	3,614,356	3,911,855	7,526,211
2012	3,749,907	3,768,134	7,518,041
2013	4,721,135	3,602,888	8,324,023
2014-2018	24,421,136	14,601,970	39,023,106
2019-2023	25,091,714	8,819,470	33,911,184
2024-2028	16,730,000	3,574,098	20,304,098
2029-2031	<u>7,275,000</u>	<u>632,006</u>	<u>7,907,006</u>
Total	<u>\$ 93,057,143</u>	<u>\$ 47,200,011</u>	<u>\$ 140,257,154</u>

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$1,024,142 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

\$532,249 Durant Refunding serial bonds due in annual installments through May 14, 2013; interest 4.76% due annually \$ 314,273

These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2009	\$ 29,621	\$ 7,756	\$ 37,377
2010	182,415	68,710	251,125
2011	32,508	4,868	37,376
2012	34,054	3,320	37,374
2013	<u>35,675</u>	<u>1,699</u>	<u>37,374</u>
Total	<u>\$ 314,273</u>	<u>\$ 86,353</u>	<u>\$ 400,626</u>

Other debt consists of the following installment purchase contract issued in 2007. Debt and interest payments at 3.660% are payable annually from the General Fund.

	Principal	Interest	Total
Year Ending June 30,			
2009	\$ 22,328	\$ 3,453	\$ 25,781
2010	23,146	2,636	25,782
2011	23,993	1,788	25,781
2012	<u>23,189</u>	<u>910</u>	<u>24,099</u>
Total	<u>\$ 92,656</u>	<u>\$ 8,787</u>	<u>\$ 101,443</u>

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's outstanding bond issues. The bond elections, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.0 mills, but instead the elections permitted the School District to extend this levy. Since the monies generated by the 7.0 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow additional funds to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$515,878 of principal and increased the accrued interest by \$1,163,294, and had an outstanding balance at year end of \$23,360,055 of principal and \$6,844,892 of interest, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

Compensated Absences

Accrued compensated absences at year end, consists of \$1,971,384 of vacation hours earned and vested or estimated to be potentially vested. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

1996 Refunding	\$ 4,075,000
2001 Refunding	720,000
2006 Refunding	<u>1,250,000</u>
Total	<u>\$ 6,045,000</u>

Retirement Benefits

The School District offered a voluntary severance incentive plan to employees to be paid over a four year period. The balance as of year end was \$357,248.

Future payments are as follows:

Year Ending June 30,

2009	\$ 120,000
2010	120,000
2011	<u>117,248</u>
Total	<u>\$ 357,248</u>

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is 2025. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for health claims (excluding dental) and participates in SET-SEG (risk pool) for claims relating to worker' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program operates as a common risk-sharing management program for school districts in Michigan. Member's premiums are used to purchase commercial excess insurance coverage and pay members claims in excess of deductible amounts.

The School District is self insured for dental claims. The District estimates the liability for dental claims that have been reported as well as those that have not been reported. The obligation is not material to the financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the school District must reimburse the Employment Commission for all benefits charged against the District. The School District had no significant unemployment compensation expense for the year and has made no provision for possible future claims.

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

Note 10 - Defined Benefit Pension Plan

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

Funding Policy

The School is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2005 through June 30, 2008.

	2008	2007	2006
Funding percentage range	16.72-17.74%	16.34-17.74%	14.87-16.34%
Total payroll	\$21,987,752	\$21,549,359	\$21,412,373
Total covered payroll	21,222,886	21,161,466	21,096,436
School contributions	3,600,157	3,683,142	3,372,751
Employee MIP contributions	682,703	660,895	647,031
Tax deferred payment program	209,287	205,083	219,367
Portion of school contribution covering health, dental and vision benefits	39%	37%	40%

Trend Information

Ten-year historical trend information is presented in the September 30, 2007, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2006, the latest date for which information is available, approximates \$ 49.1 billion and \$ 43.0 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPERS was less than 1% for the year ended September 30, 2007.

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2007, statewide expenditures of \$ 694 million were recognized for post-retirement health care, dental and vision. This represented approximately 18% of the total expenditures of the Michigan Public School Employees Retirement System.

Oxford Community Schools
Notes to Financial Statements
June 30, 2008

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2008.

The District is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the condition of the District.

The District's teachers are members of the Michigan Education Association. The District's contract with the union expired on August 30, 2008. The District and Union have not reached an agreement regarding future years as of the date of the audit report date.

REQUIRED SUPPLEMENTAL INFORMATION

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 5,695,313	\$ 5,521,529	\$ 5,597,342	\$ 75,813
State sources	27,609,519	28,773,347	28,802,000	28,653
Federal sources	1,626,847	1,612,759	1,547,860	(64,899)
Interdistrict sources	2,261,309	2,354,055	2,322,001	(32,054)
Total revenues	<u>37,192,988</u>	<u>38,261,690</u>	<u>38,269,203</u>	<u>7,513</u>
Expenditures				
Instruction				
Basic programs	17,217,607	17,153,128	17,277,748	124,620
Added needs	4,495,728	4,501,866	4,494,521	(7,345)
Pupil	1,784,449	1,754,424	1,731,610	(22,814)
Instructional staff	1,104,730	1,209,974	1,178,622	(31,352)
General administration	388,424	540,628	527,058	(13,570)
School administration	2,191,127	2,204,839	2,207,834	2,995
Business	592,042	607,221	596,635	(10,586)
Operations and maintenance	4,482,895	4,048,282	4,024,641	(23,641)
Pupil transportation services	2,184,763	2,018,763	2,015,508	(3,255)
Central	1,116,472	1,214,248	1,200,740	(13,508)
Community services	12,776	9,785	8,501	(1,284)
Intergovernmental payments	1,160,543	1,006,000	976,327	(29,673)
Capital outlay	4,500	305,240	84,062	(221,178)
Debt service				
Interest and fiscal charges	-	91,510	91,506	(4)
Total expenditures	<u>36,736,056</u>	<u>36,665,908</u>	<u>36,415,313</u>	<u>(250,595)</u>
Excess of revenues over expenditures	<u>456,932</u>	<u>1,595,782</u>	<u>1,853,890</u>	<u>258,108</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers out	\$ (455,132)	\$ (556,132)	\$ (556,130)	\$ 2
Net change in fund balance	1,800	1,039,650	1,297,760	258,110
Fund balance - beginning	3,595,976	3,595,976	3,595,976	-
Fund balance - ending	<u>\$ 3,597,776</u>	<u>\$ 4,635,626</u>	<u>\$ 4,893,736</u>	<u>\$ 258,110</u>

OTHER SUPPLEMENTAL INFORMATION

Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			Debt Service Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Athletics	Cafeteria	Community Services	2001 Debt	2003 Debt	2004 Debt	2005 Debt	2006 Debt	2007 Capital Projects Fund	
Assets										
Cash	\$ -	\$ 26,509	\$ 51,581	\$ 154,038	\$ 131,123	\$ 210,347	\$ 98,039	\$ 105,079	\$ 6,272	\$ 782,988
Taxes receivable	-	-	-	19,568	5,256	11,308	1,543	4,284	-	41,959
Accounts receivable	-	9,840	75,849	-	-	-	-	-	-	85,689
Due from other funds	49,631	190,133	186,797	338,393	357,895	71,811	95,356	22,601	-	1,312,617
Inventory	-	37,927	-	-	-	-	-	-	-	37,927
Total assets	<u>\$ 49,631</u>	<u>\$ 264,409</u>	<u>\$ 314,227</u>	<u>\$ 511,999</u>	<u>\$ 494,274</u>	<u>\$ 293,466</u>	<u>\$ 194,938</u>	<u>\$ 131,964</u>	<u>\$ 6,272</u>	<u>\$ 2,261,180</u>
Liabilities and fund balance										
Liabilities										
Accounts payable	\$ 15,347	\$ 123,808	\$ 8,979	\$ -	\$ -	\$ -	\$ 225	\$ -	\$ 6,272	\$ 154,631
Due to other funds	-	-	-	-	-	275,597	194,713	131,964	-	602,274
Accrued salaries payable	6,785	5,190	12,707	-	-	-	-	-	-	24,682
Deferred revenue	-	16,736	65,647	-	-	-	-	-	-	82,383
Total liabilities	<u>22,132</u>	<u>145,734</u>	<u>87,333</u>	<u>-</u>	<u>-</u>	<u>275,597</u>	<u>194,938</u>	<u>131,964</u>	<u>6,272</u>	<u>863,970</u>
Fund balance										
Reserved for inventory	-	37,927	-	-	-	-	-	-	-	37,927
Reserved for debt service	-	-	-	511,999	494,274	17,869	-	-	-	1,024,142
Other undesignated	27,499	80,748	226,894	-	-	-	-	-	-	335,141
Total fund balance	<u>27,499</u>	<u>118,675</u>	<u>226,894</u>	<u>511,999</u>	<u>494,274</u>	<u>17,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,210</u>
Total liabilities and fund balance	<u>\$ 49,631</u>	<u>\$ 264,409</u>	<u>\$ 314,227</u>	<u>\$ 511,999</u>	<u>\$ 494,274</u>	<u>\$ 293,466</u>	<u>\$ 194,938</u>	<u>\$ 131,964</u>	<u>\$ 6,272</u>	<u>\$ 2,261,180</u>

Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue Funds			Debt Service Funds					Capital Projects Fund	Total
	Athletics	Cafeteria	Community Services	2001 Debt	2003 Debt	2004 Debt	2005 Debt	2006 Debt	2007 Capital Fund	Nonmajor Funds
Revenues										
Local sources	\$ 102,456	\$ 997,243	\$ 848,091	\$ 2,322,649	\$ 1,388,871	\$ 2,388,497	\$ 474,881	\$ 1,489,251	\$ 37,793	\$ 10,049,732
State sources	-	62,630	132,793	-	-	-	-	-	-	195,423
Federal sources	-	371,316	-	-	-	-	-	-	-	371,316
Total revenues	<u>102,456</u>	<u>1,431,189</u>	<u>980,884</u>	<u>2,322,649</u>	<u>1,388,871</u>	<u>2,388,497</u>	<u>474,881</u>	<u>1,489,251</u>	<u>37,793</u>	<u>10,616,471</u>
Expenditures										
Current										
Education										
Food services	-	1,525,160	-	-	-	-	-	-	-	1,525,160
Athletic activities	631,087	-	-	-	-	-	-	-	-	631,087
Community services	-	-	932,460	-	-	-	-	-	-	932,460
Capital outlay	-	-	-	-	-	-	-	-	2,305,313	2,305,313
Debt service										
Principal	-	-	-	1,550,000	975,000	1,370,000	-	-	-	3,895,000
Interest and other expenditures	-	-	-	299,166	83,650	1,635,154	722,085	1,659,495	-	4,399,550
Total expenditures	<u>631,087</u>	<u>1,525,160</u>	<u>932,460</u>	<u>1,849,166</u>	<u>1,058,650</u>	<u>3,005,154</u>	<u>722,085</u>	<u>1,659,495</u>	<u>2,305,313</u>	<u>13,688,570</u>
Excess (deficiency) of revenues over expenditures	<u>(528,631)</u>	<u>(93,971)</u>	<u>48,424</u>	<u>473,483</u>	<u>330,221</u>	<u>(616,657)</u>	<u>(247,204)</u>	<u>(170,244)</u>	<u>(2,267,520)</u>	<u>(3,072,099)</u>
Other financing sources (uses)										
Proceeds from school bond loan fund	-	-	-	38,516	-	319,064	125,076	33,222	-	515,878
Transfers in	<u>556,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>556,130</u>
Total other financing sources (uses)	<u>556,130</u>	<u>-</u>	<u>-</u>	<u>38,516</u>	<u>-</u>	<u>319,064</u>	<u>125,076</u>	<u>33,222</u>	<u>-</u>	<u>1,072,008</u>
Net change in fund balance	27,499	(93,971)	48,424	511,999	330,221	(297,593)	(122,128)	(137,022)	(2,267,520)	(2,000,091)
Fund balance - beginning	<u>-</u>	<u>212,646</u>	<u>178,470</u>	<u>-</u>	<u>164,053</u>	<u>315,462</u>	<u>122,128</u>	<u>137,022</u>	<u>2,267,520</u>	<u>3,397,301</u>
Fund balance - ending	<u>\$ 27,499</u>	<u>\$ 118,675</u>	<u>\$ 226,894</u>	<u>\$ 511,999</u>	<u>\$ 494,274</u>	<u>\$ 17,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,397,210</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2008

	2008	2007
Assets		
Cash	\$ 7,010,557	\$ 5,513,192
Taxes receivable	7,636	5,672
Accounts receivable	41,260	12,084
Due from other governmental units	5,903,307	5,028,535
Prepaid items	-	51,676
Total assets	\$ 12,962,760	\$ 10,611,159
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 2,000,235	\$ 1,358,050
State aid anticipation note payable	3,000,000	3,000,000
Due to other funds	710,343	455,073
Payroll deductions and withholdings	33,544	35,024
Accrued expenditures	-	20,337
Accrued salaries payable	2,317,611	2,145,319
Deferred revenue	7,291	1,380
Total liabilities	8,069,024	7,015,183
Fund balance		
Reserved for prepaid items	-	51,676
Designated for long-term debt obligations	3,793,736	2,444,300
Designated for curriculum and program improvements	500,000	500,000
Designated of technology	300,000	300,000
Designated for bus purchases	300,000	300,000
Total fund balance	4,893,736	3,595,976
Total liabilities and fund balance	\$ 12,962,760	\$ 10,611,159

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 5,328,313	\$ 5,226,529	\$ 5,246,071	\$ 19,542
Earnings on investments	130,000	130,000	182,099	52,099
Student activities	45,000	45,000	54,127	9,127
Community service activities	192,000	120,000	115,025	(4,975)
Other local revenues	-	-	20	20
Total revenues from local sources	<u>5,695,313</u>	<u>5,521,529</u>	<u>5,597,342</u>	<u>75,813</u>
Revenues from state sources				
Grants - unrestricted	27,559,519	28,715,347	28,741,961	26,614
Grants - restricted	<u>50,000</u>	<u>58,000</u>	<u>60,039</u>	<u>2,039</u>
Total revenues from state sources	<u>27,609,519</u>	<u>28,773,347</u>	<u>28,802,000</u>	<u>28,653</u>
Revenues from federal sources				
Grants	<u>1,626,847</u>	<u>1,612,759</u>	<u>1,547,860</u>	<u>(64,899)</u>
Total revenues from federal sources	<u>1,626,847</u>	<u>1,612,759</u>	<u>1,547,860</u>	<u>(64,899)</u>
Interdistrict sources				
Transportation	45,000	76,000	76,245	245
Cooperative education	<u>2,216,309</u>	<u>2,278,055</u>	<u>2,245,756</u>	<u>(32,299)</u>
Total interdistrict sources	<u>2,261,309</u>	<u>2,354,055</u>	<u>2,322,001</u>	<u>(32,054)</u>
Total revenue and other financing sources	<u>\$ 37,192,988</u>	<u>\$ 38,261,690</u>	<u>\$ 38,269,203</u>	<u>\$ 7,513</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 5,275,565	\$ 5,252,205	\$ 5,300,865	\$ 48,660
Employee benefits	2,529,121	2,450,513	2,624,258	173,745
Purchased services	117	47,317	94,944	47,627
Supplies and materials	151,529	187,193	160,676	(26,517)
Other	14,500	26,166	26,556	390
Total elementary	7,970,832	7,963,394	8,207,299	243,905
Basic program - middle school				
Salaries	2,607,583	2,528,822	2,435,785	(93,037)
Employee benefits	1,192,022	1,148,900	1,129,326	(19,574)
Purchased services	-	27,357	34,138	6,781
Supplies and materials	110,122	100,018	98,218	(1,800)
Other	1,800	12,945	13,448	503
Total middle school	3,911,527	3,818,042	3,710,915	(107,127)
Basic program - high school				
Salaries	3,377,927	3,365,072	3,451,446	86,374
Employee benefits	1,639,045	1,551,104	1,527,307	(23,797)
Purchased services	79,572	173,776	91,652	(82,124)
Supplies and materials	190,704	212,770	207,697	(5,073)
Other	48,000	68,970	81,432	12,462
Total high school	5,335,248	5,371,692	5,359,534	(12,158)
Added needs - special education				
Salaries	1,841,343	1,965,553	2,001,516	35,963
Employee benefits	1,015,319	908,130	907,272	(858)
Purchased services	21,866	38,366	29,838	(8,528)
Supplies and materials	10,076	9,276	7,221	(2,055)
Total special education	2,888,604	2,921,325	2,945,847	24,522

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - compensatory education				
Salaries	\$ 379,860	\$ 420,899	\$ 387,807	\$ (33,092)
Employee benefits	122,814	137,308	129,766	(7,542)
Purchased services	64,178	47,094	51,770	4,676
Supplies and materials	87,087	51,697	48,141	(3,556)
Total compensatory education	653,939	656,998	617,484	(39,514)
Added needs - career and technical education				
Salaries	578,333	586,830	593,751	6,921
Employee benefits	290,337	252,431	264,413	11,982
Purchased services	9,398	9,998	7,010	(2,988)
Supplies and materials	74,711	73,878	63,154	(10,724)
Other	406	406	2,862	2,456
Total career and technical education	953,185	923,543	931,190	7,647
Pupil - guidance services				
Salaries	358,452	410,359	401,285	(9,074)
Employee benefits	171,433	183,345	192,660	9,315
Purchased services	350	350	-	(350)
Supplies and materials	2,800	2,800	2,501	(299)
Total guidance services	533,035	596,854	596,446	(408)
Pupil - health services				
Salaries	6,555	4,935	6,170	1,235
Employee benefits	1,617	1,198	1,508	310
Purchased services	137,805	182,655	134,041	(48,614)
Supplies and materials	2,200	2,200	374	(1,826)
Total health services	148,177	190,988	142,093	(48,895)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - psychological services				
Salaries	\$ 114,867	\$ 126,617	\$ 123,842	\$ (2,775)
Employee benefits	55,012	56,461	53,494	(2,967)
Purchased services	1,000	1,000	9,889	8,889
Supplies and materials	2,500	3,000	3,107	107
Total psychological services	173,379	187,078	190,332	3,254
Pupil - speech services				
Salaries	241,057	217,703	222,331	4,628
Employee benefits	128,485	101,114	101,295	181
Purchased services	29,484	1,030	1,903	873
Supplies and materials	2,600	2,900	2,684	(216)
Total speech services	401,626	322,747	328,213	5,466
Pupil - social work services				
Salaries	216,382	216,382	217,067	685
Employee benefits	119,308	83,338	96,201	12,863
Purchased services	1,395	1,395	2,047	652
Supplies and materials	1,000	1,000	764	(236)
Total social work services	338,085	302,115	316,079	13,964
Pupil - teacher consultant				
Salaries	89,504	89,504	90,685	1,181
Employee benefits	55,287	37,063	39,505	2,442
Purchased services	1,000	1,000	1,383	383
Total teacher consultant	145,791	127,567	131,573	4,006

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - other support services				
Salaries	\$ 25,957	\$ 17,378	\$ 16,007	\$ (1,371)
Employee benefits	6,399	4,279	9,883	5,604
Purchased services	6,500	4,434	-	(4,434)
Supplies and materials	5,500	984	984	-
Total other pupil support services	44,356	27,075	26,874	(201)
Instructional staff - improvement of education				
Salaries	45,307	21,884	25,506	3,622
Employee benefits	14,181	9,112	9,002	(110)
Purchased services	25,246	97,424	73,517	(23,907)
Supplies and materials	18,399	31,407	25,051	(6,356)
Other	12,000	12,700	16,494	3,794
Total improvement of education	115,133	172,527	149,570	(22,957)
Instructional staff - educational media services				
Salaries	250,160	300,929	297,139	(3,790)
Employee benefits	178,492	124,179	127,491	3,312
Supplies and materials	15,569	16,639	16,133	(506)
Total educational media services	444,221	441,747	440,763	(984)
Instructional staff - supervision and direction of instructional staff				
Salaries	239,986	294,394	268,581	(25,813)
Employee benefits	147,899	141,997	136,753	(5,244)
Purchased services	127,311	128,311	152,283	23,972
Supplies and materials	4,350	4,350	3,692	(658)
Other	900	900	1,232	332
Total supervision and direction of instructional staff	520,446	569,952	562,541	(7,411)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - academic student assessment				
Salaries	\$ 20,000	\$ 20,700	\$ 20,700	\$ -
Employee benefits	4,930	5,048	5,048	-
Total academic student assessment	24,930	25,748	25,748	-
General administration - board of education				
Purchased services	75,622	176,066	164,163	(11,903)
Other	8,500	8,500	8,546	46
Total board of education	84,122	184,566	172,709	(11,857)
General administration - executive administration				
Salaries	181,710	189,210	189,392	182
Employee benefits	97,792	117,641	122,383	4,742
Purchased services	8,600	9,511	9,410	(101)
Supplies and materials	2,500	2,500	1,527	(973)
Other	13,700	37,200	31,637	(5,563)
Total executive administration	304,302	356,062	354,349	(1,713)
School administration - office of the principal				
Salaries	1,349,059	1,350,783	1,435,157	84,374
Employee benefits	704,743	706,685	619,031	(87,654)
Purchased services	120,018	120,018	125,751	5,733
Supplies and materials	17,307	27,049	27,597	548
Other	-	304	298	(6)
Total office of the principal	2,191,127	2,204,839	2,207,834	2,995

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - fiscal services				
Salaries	\$ 254,972	\$ 227,037	\$ 223,862	\$ (3,175)
Employee benefits	124,950	118,064	126,220	8,156
Purchased services	37,120	37,120	43,365	6,245
Supplies and materials	16,500	16,500	13,500	(3,000)
Other	25,500	25,500	21,509	(3,991)
Total fiscal services	459,042	424,221	428,456	4,235
Business - other				
Other	133,000	183,000	168,179	(14,821)
Operations and maintenance - operating building services				
Salaries	1,207,864	1,222,864	1,261,543	38,679
Employee benefits	695,420	649,117	583,505	(65,612)
Purchased services	331,279	331,284	338,203	6,919
Supplies and materials	1,887,891	1,474,040	1,505,602	31,562
Other	360,441	368,441	334,374	(34,067)
Total operating building services	4,482,895	4,045,746	4,023,227	(22,519)
Operations and maintenance - security services				
Supplies and materials	-	2,536	1,414	(1,122)
Pupil transportation services				
Salaries	1,011,931	1,011,931	1,037,451	25,520
Employee benefits	665,625	499,625	509,635	10,010
Purchased services	113,883	113,883	113,538	(345)
Supplies and materials	361,984	361,984	345,302	(16,682)
Other	31,340	31,340	9,582	(21,758)
Total transportation services	2,184,763	2,018,763	2,015,508	(3,255)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - planning, research development and evaluation				
Salaries	\$ -	\$ 2,100	\$ 2,100	\$ -
Employee benefits	-	514	514	-
Purchased services	-	986	986	-
Total planning, research development and evaluation	-	3,600	3,600	-
Central - communication services				
Salaries	34,470	34,470	36,746	2,276
Employee benefits	23,420	23,420	16,405	(7,015)
Purchased services	5,898	5,898	2,535	(3,363)
Supplies and materials	18,000	18,000	13,828	(4,172)
Total communication services	81,788	81,788	69,514	(12,274)
Central - staff/personnel services				
Salaries	209,833	209,833	209,364	(469)
Employee benefits	105,601	121,501	128,228	6,727
Purchased services	7,725	19,725	13,617	(6,108)
Supplies and materials	4,944	4,944	3,764	(1,180)
Other	1,000	1,000	938	(62)
Total staff/personnel services	329,103	357,003	355,911	(1,092)
Central - support services technology				
Salaries	357,298	361,343	364,724	3,381
Employee benefits	178,058	178,699	176,101	(2,598)
Purchased services	151,645	213,235	210,759	(2,476)
Supplies and materials	10,080	10,080	11,658	1,578
Other	8,500	8,500	8,473	(27)
Total support services technology	705,581	771,857	771,715	(142)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - community activities				
Salaries	\$ 1,000	\$ 2,818	\$ 2,818	\$ -
Employee benefits	247	682	682	-
Purchased services	4,285	4,285	4,285	-
Supplies and materials	7,244	2,000	716	(1,284)
Total community activities	12,776	9,785	8,501	(1,284)
Intergovernmental payments				
Payments to other public schools	1,160,543	1,006,000	976,327	(29,673)
Capital outlay				
Basic program - elementary	-	54,500	14,650	(39,850)
Basic program - middle school	-	106,810	15,612	(91,198)
Basic program - high school	-	22,730	10,522	(12,208)
Business - fiscal services	1,000	51,000	16,997	(34,003)
Operations and maintenance - operating building services	-	56,700	14,242	(42,458)
Pupil transportation services	3,500	13,500	12,039	(1,461)
Total capital outlay	4,500	305,240	84,062	(221,178)
Debt service				
Interest and other expenditures	-	91,510	91,506	(4)
Other financing uses				
Transfers out	455,132	556,132	556,130	(2)
Total expenditures and financing uses	\$ 37,191,188	\$ 37,222,040	\$ 36,971,443	\$ (250,597)

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2001 Issue

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2009	5.000	\$ 108,500	\$ 108,500	\$ 1,550,000	\$ 1,767,000
2010	5.000	69,750	69,750	1,550,000	1,689,500
2011	4.000	<u>31,000</u>	<u>31,000</u>	<u>1,550,000</u>	<u>1,612,000</u>
Total		<u>\$ 209,250</u>	<u>\$ 209,250</u>	<u>\$ 4,650,000</u>	<u>\$ 5,068,500</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2003 Refunding Issue

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2009	3.500	\$ 25,850	\$ 25,850	\$ 935,000	\$ 986,700
2010	3.500	9,488	9,488	125,000	143,976
2011	4.000	7,300	7,300	120,000	134,600
2012	4.000	4,900	4,900	125,000	134,800
2013	4.000	<u>2,400</u>	<u>2,400</u>	<u>120,000</u>	<u>124,800</u>
Total		<u>\$ 49,938</u>	<u>\$ 49,938</u>	<u>\$ 1,425,000</u>	<u>\$ 1,524,876</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2004 Refunding Issue

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2009	4.000	\$ 797,012	\$ 797,013	\$ 1,345,000	\$ 2,939,025
2010	3.500	770,113	770,112	1,740,000	3,280,225
2011	4.000	739,662	739,663	1,815,000	3,294,325
2012	3.500	703,363	703,362	1,895,000	3,301,725
2013	5.000	670,200	670,200	1,965,000	3,305,400
2014	3.600	621,075	621,075	2,060,000	3,302,150
2015	3.700	583,995	583,995	2,020,000	3,187,990
2016	5.000	546,625	546,625	2,085,000	3,178,250
2017	5.000	494,500	494,500	2,175,000	3,164,000
2018	5.000	440,125	440,125	2,165,000	3,045,250
2019	5.000	386,000	386,000	2,250,000	3,022,000
2020	5.000	329,750	329,750	2,235,000	2,894,500
2021	5.000	273,875	273,875	2,220,000	2,767,750
2022	5.000	218,375	218,375	2,205,000	2,641,750
2023	5.000	163,250	163,250	2,190,000	2,516,500
2024	5.000	108,500	108,500	2,180,000	2,397,000
2025	5.000	<u>54,000</u>	<u>54,000</u>	<u>2,160,000</u>	<u>2,268,000</u>
Total		<u>\$ 7,900,420</u>	<u>\$ 7,900,420</u>	<u>\$ 34,705,000</u>	<u>\$ 50,505,840</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2005 Refunding Issue

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2009	3.000	\$ 297,850	\$ 297,850	\$ -	\$ 595,700
2010	3.000	297,850	297,850	-	595,700
2011	3.000	297,850	297,850	-	595,700
2012	3.000	297,850	297,850	-	595,700
2013	3.000	297,850	297,850	-	595,700
2014	5.000	297,850	297,850	2,505,000	3,100,700
2015	5.000	235,225	235,225	2,495,000	2,965,450
2016	5.000	172,850	172,850	2,485,000	2,830,700
2017	4.000	110,725	110,725	2,480,000	2,701,450
2018	5.000	<u>61,125</u>	<u>61,125</u>	<u>2,445,000</u>	<u>2,567,250</u>
Total		<u>\$ 2,367,025</u>	<u>\$ 2,367,025</u>	<u>\$ 12,410,000</u>	<u>\$ 17,144,050</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2006 Refunding Issue

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2009	5.500	\$ 827,771	\$ 827,771	\$ -	\$ 1,655,542
2010	5.500	827,771	827,771	-	1,655,542
2011	5.500	827,771	827,771	-	1,655,542
2012	5.500	827,771	827,771	1,625,000	3,280,542
2013	5.500	783,083	783,083	2,510,000	4,076,166
2014	4.000	714,058	714,058	100,000	1,528,116
2015	5.000	712,058	712,058	100,000	1,524,116
2016	5.000	709,558	709,558	100,000	1,519,116
2017	4.000	707,058	707,058	100,000	1,514,116
2018	4.000	705,058	705,058	100,000	1,510,116
2019	4.000	703,058	703,058	2,550,000	3,956,116
2020	4.200	652,058	652,058	2,530,000	3,834,116
2021	4.500	598,928	598,928	2,515,000	3,712,856
2022	4.500	542,340	542,340	2,535,000	3,619,680
2023	4.125	485,303	485,303	2,525,000	3,495,606
2024	4.125	433,225	433,225	2,505,000	3,371,450
2025	4.500	381,559	381,559	2,490,000	3,253,118
2026	4.500	325,534	325,534	2,475,000	3,126,068
2027	4.500	269,847	269,847	2,465,000	3,004,694
2028	4.500	214,384	214,384	2,455,000	2,883,768
2029	4.500	159,147	159,147	2,440,000	2,758,294
2030	4.250	104,247	104,247	2,430,000	2,638,494
2031	4.375	52,609	52,609	2,405,000	2,510,218
Total		<u>\$ 12,564,196</u>	<u>\$ 12,564,196</u>	<u>\$ 36,955,000</u>	<u>\$ 62,083,392</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

Durant Non-Plaintiff

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due May 15</u>	<u>Principal May 15</u>	<u>Total</u>
2009	4.761	\$ 7,756	\$ 29,621	\$ 37,377
2010	4.761	68,710	182,415	251,125
2011	4.761	4,868	32,508	37,376
2012	4.761	3,320	34,054	37,374
2013	4.761	<u>1,699</u>	<u>35,675</u>	<u>37,374</u>
Total		<u>\$ 86,353</u>	<u>\$ 314,273</u>	<u>\$ 400,626</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

2007 Energy Bond

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due May 1</u>	<u>Interest Due May 1</u>	<u>Total</u>
2009	3.980	\$ 115,294	\$ 71,658	\$ 186,952
2010	3.980	110,386	137,237	247,623
2011	3.980	104,688	129,356	234,044
2012	3.980	100,367	104,907	205,274
2013	3.980	95,822	126,135	221,957
2014	3.980	90,407	148,900	239,307
2015	3.980	84,058	173,292	257,350
2016	3.980	76,710	199,406	276,116
2017	3.980	68,293	227,340	295,633
2018	3.980	58,732	257,198	315,930
2019	3.980	47,949	289,090	337,039
2020	3.980	35,861	323,130	358,991
2021	3.980	22,381	359,441	381,822
2022	3.980	<u>7,405</u>	<u>365,053</u>	<u>372,458</u>
Total		<u>\$ 1,018,353</u>	<u>\$ 2,912,143</u>	<u>\$ 3,930,496</u>

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2008**

Enrollment

Ten-year Blended Count History	Blended Count	School Year	Blended Count		
2008-2009 (est.)	4,377	2003-2004	4,029		
2007-2008	4,327	2002-2003	3,990		
2006-2007	4,289	2001-2002	3,980		
2005-2006	4,172	2000-2001	3,849		
2004-2005	4,078	1999-2000	3,722		

2008-2009 Fall Count (est.)	Enrollment	Grade	Enrollment	Grade	Enrollment
PPI	17	4th	314	9th	370
Kindergarten	302	5th	298	10th	327
1st	368	6th	340	11th	319
2nd	326	7th	363	12th	315
3rd	326	8th	323	Crossroads for Youth	76

Labor Relations

Class	Number	Affiliation	Contract Expires	
Teachers	233	Oxford Education Association	8/31/2008	negotiating
Custodians, Bus Drivers/ Mechanics/Monitors, Food Service	105	AFSCME	8/31/2009	
Administrators	19	Oxford Administrators Association	7/31/2008	negotiating
Secretaries & Paraprofessionals	74	OESPA	6/30/2009	
Child Care	37	Not affiliated	N/A	
Tutorial Assistants	14	Not affiliated	N/A	
Crossing Guards	3	Not affiliated	N/A	
Central Office Secretaries	9	Not affiliated	N/A	
Central Office Administrators	5	Not affiliated	N/A	
Other Employees	8	Not affiliated	N/A	
Total	507			

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2008**

Retirement Plan

<u>Contributions Period</u>	<u>Contribution Rate (Percent)</u>
October 1, 2008 - September 30, 2009	16.54
October 1, 2007 - September 30, 2008	16.72
October 1, 2006 - September 30, 2007	17.74
October 1, 2005 - September 30, 2006	16.34
October 1, 2004 - September 30, 2005	14.87
October 1, 2003 - September 30, 2004	12.99

<u>Fiscal Year Ended June 30</u>	<u>Contributions to MPSERS</u>	
2009	\$ 3,562,919	Management's estimate
2008	3,600,157	
2007	3,683,142	
2006	3,372,751	
2005	2,976,075	
2004	2,683,546	

History of Valuation - State Equalized Valuation and Taxable Valuation

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2008	\$ 1,384,299,891	1,137,747,047
2007	1,462,054,261	1,141,995,106
2006	1,405,272,077	1,088,624,724
2005	1,358,756,114	1,010,562,821
2004	1,253,525,736	935,522,243
2003	1,173,757,215	874,469,811

Sources: Oakland County and Lapeer County Departments of Equalization and the School District

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2008**

Tax Levies and Collections

<u>School Year</u>	<u>Operating Tax Levy</u>	<u>Current Collections to March 1</u>		<u>Current Collections to June 30</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2008-2009	\$ 4,591,337	In process of collection		Not available	
2007-2008	5,228,231	4,535,246	86.75	5,190,443	99.28
2006-2007	5,148,094	4,465,841	86.75	4,999,133	97.10
2005-2006	4,770,000	4,027,322	84.43	4,625,480	96.97
2004-2005	4,101,511	3,515,575	85.71	3,915,247	95.46
2003-2004	3,914,457	3,421,835	87.42	3,819,330	97.57

Note: Since 2000-01, Consumers Energy Company and Detroit Edison Company have delayed some of their tax payments to the municipal units due to pending personal property tax appeals.

State Aid Payments

<u>School Year</u>	<u>Blended Pupil Count</u>	<u>Total State Aid School Year</u>
2008-2009	4,377	30,021,657 estimate
2007-2008	4,327	28,741,961
2006-2007	4,289	27,791,224
2005-2006	4,172	26,172,676
2004-2005	4,078	25,014,258
2003-2004	4,029	24,647,333

School District Tax Rates (Per \$1,000 of Valuation)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating-Extra Voted	17.9946	17.9946	18.0000	18.0000	15.6451
Debt	7.0000	7.0000	7.0000	7.0000	7.0000
Total homestead	7.0000	7.0000	7.0000	7.0000	7.0000
Total nonhomestead	24.9946	24.9946	25.0000	25.0000	22.6451

The operating millage on non-homestead property was renewed in November 2006. It will expire with the December 2016 levy. The operating millage in 2004, 2007 and 2008 is reduced as a result of the Headlee Amendment, Article IX, Section 31 of the Michigan Constitution.

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2008**

School Bond Loan Fund

As of June 30, 2008, the School District had an outstanding balance, including interest, of \$30,204,936 in the School Bond Loan Fund.
Source: Michigan Department of Treasury

<u>Direct Debt</u>	<u>Bond</u>	<u>Year</u>
\$4,650,000	2001 School Building and Site Bonds (UTQ)	11/13/2001
1,425,000	2003 Refunding Bonds (UTQ)	3/20/2003
34,705,000	2004 Refunding Bonds (UTQ)	11/16/2004
12,410,000	2005 Refunding Bonds (UTQ)	6/14/2005
36,955,000	2006 Refunding Bonds (UTQ)	12/5/2006
2,912,143	2007 Energy Bond	5/23/2007
<u>\$93,057,143</u>		

The taxpayers listed below represent 5.4% of the School District's 2008 taxable valuation of \$1,137,747,047.

<u>Taxpayer</u>	<u>Service or Product</u>	<u>Taxable Value</u>
Detroit Edison Company *	Utility	\$16,813,718
MSP Industries Corporation	Iron and steel forgings	8,234,500
Meijer, Inc.	Retail	6,877,120
Lake Villa MHC Association	Mobile Home Community	6,647,490
Consumers Energy Company *	Utility	4,952,250
Oxford Mills Mall	Strip Mall	4,266,950
Midwest Management	Senior Center Complex	3,863,550
Horizon Development	Industrial Property	3,466,840
Village Manor of Oxford	Apartment Complex	3,459,470
Cooper Standard Auto FHS	Auto Parts Manufacturer	3,393,900
TOTAL		<u>\$61,975,788</u>

* Has filed personal property tax appeals.

Sources: Oxford Township Treasurer, Brandon Township Treasurer, Addison Township Treasurer, Lapeer County Equalization

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2008**

RESOLVED, that this resolution shall be the general appropriations of Oxford Community Schools for the fiscal year 2008-2009.
A resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all income received by Oxford Community Schools.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Oxford Community Schools for fiscal year 2008-2009 are as follows:

REVENUES		
Local		\$ 4,775,098
State		29,217,738
Federal		1,600,000
Other		2,265,000
TOTAL REVENUES		\$ 37,857,836
Estimated Fund Balance July 1, 2008		4,626,207
TOTAL AVAILABLE TO APPROPRIATE		\$ 42,484,043

BE IT FURTHER RESOLVED, that \$38,281,815 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES		
Instruction		
	Basic Programs	\$ 17,254,007
	Added Needs	4,664,696
Support Services		
	Pupil	1,837,767
	Instructional Staff	1,452,435
	General Administration	544,669
	School Administration	2,188,760
	Business	7,303,292
	Central	1,190,933
Community Services		15,245
Outgoing Transfers and Other		1,830,011
TOTAL APPROPRIATED		\$ 38,281,815



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October 3, 2008

Management and the Board of Education
Oxford Community Schools
Oxford, Michigan

Dear Board of Education:

We have completed our audit of the financial statements of Oxford Community Schools as of and for the year ended June 30, 2008 and have issued our report dated October 3, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit and have already met with management on October 3, 2008. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Directors, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Appendix I
Communication to Those Charged with Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated October 3, 2008, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our discussion with you related to planning matters on May 12, 2008

Significant Audit Findings

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note 1 of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimates and how they were derived by management are: compensated absences
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all but the attached adjustments

Management has determined that the effects of the uncorrected misstatements attached are immaterial both individually and in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

Description	Overstatd Revenues
Prior year receivable not recorded in prior year	\$ 42,470
Tax revenue differences from recalculation	\$ 24,818

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Appendix II Management Comments

In planning and performing our audit of the financial statements of Oxford Community Schools as of and for the year ended June 30, 2008, we considered Oxford Community Schools internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report date on the financial statements of Oxford Community Schools. Our comments and recommendations regarding those matters are:

Cash Handling – Athletics/Booster Group

During our audit we noted that the cash handling of receipts from athletic events was not being handled in accordance with the District's policy. In prior years, we have recommended both verbal and written suggestions for insuring the assets of the District are safeguarded.

During our audit, we devoted extra time to the observation of these procedures. We noted the following items. Cash has been kept on premises of the Athletic Director's office in a locked safe. Repeated attempts by vandals have damaged the safe and furniture in the Directors office. Cash on hand exceeded the startup cash by \$70 and they had approximately \$200 in miscellaneous change which was unaccounted for. The Director's safe also contained an unknown amount of Athletic Booster cash. The Boosters are a separate entity that is independent of the District. The District maintains a policy for cash handling by event volunteers and employees of the District handling cash. However, this policy was not being distributed to the events volunteers and game day sales sheets did not contain the mandatory dual signatures. A deposit made in September 2008 for \$2,065, contained checks written to the district from June and July of 2008.

We recommend that the District officials implement the procedures and policies that have been outlined by the Business Office. We further recommend that the Athletic Director and volunteers receive and follow these policies. The District's employees should not be participating in booster management and should not be handling cash of this organization. The booster group is a separate entity and should be managed independently of any District staff to avoid any appearance of a lack of independence.

Compensated Absences

During our review of the District's accrual for compensated absences, we noted that the tracking of the accrual is cumbersome and very difficult to verify. The District's computerized method of maintaining and tracking those hours does not track the vesting percentage and thus the calculation of the obligation is difficult. Additionally, the system does not retain the database after any changes are made. This results in prior year information being lost and overwritten. Collectively these issues result in the accrual being very difficult to evaluate and a great deal of time having to be spent to make sure that the accrual is correct.

We recommend that the district evaluate the cost effectiveness of the current system and develop a process to maintain those records from year to year. This will help make sure that management can evaluate the activity that has occurred over the past year and make decisions based on actual data.

Prior Comments

Below is a summary of the prior comments and their current status:

Prior Year Comments	Addressed	Improvements Made – Issue Still Remains
Journal Entry Approval – Proper approval and review of all journal entries	X	
Electronic Fund Transfers – Safeguarding of the District's assets and information	X	
Child Care Receivable – Tracking of account balances to insure collections are made	X	
Cash Handling – Collections of cash should be safeguarded and protected from possible theft or fraud		X
Financial Condition and Management Turnover	X	

Oxford Community Schools

Oxford, Michigan

Single Audit Report

June 30, 2008

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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Members of the Board of Education
Oxford Community Schools
Oxford, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford Community Schools as of and for the year ended June 30, 2008, which collectively comprise Oxford Community Schools basic financial statements and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Oxford Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements would not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oxford Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan

October 3, 2008

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Members of the Board of Education
Oxford Community Schools
Oxford, Michigan

Compliance

We have audited the compliance of Oxford Community Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Oxford Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oxford Community Schools' management. Our responsibility is to express an opinion on Oxford Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oxford Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Oxford Community Schools' compliance with those requirements.

In our opinion, except for the noncompliance described in the following sentence, Oxford Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-1.

Internal Control Over Compliance

The management of Oxford Community Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oxford Community Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oxford Community Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Oxford Community Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Oxford Community Schools' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Oxford Community Schools' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Education, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan

October 3, 2008

Oxford Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

See Accompanying notes to Schedule of Expenditures of Federal Awards

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Food Distribution	10.550							
Entitlement Commodities		\$ 61,027	\$ -	\$ -	\$ 61,027	\$ 61,027	\$ -	\$ -
Bonus Commodities		1,110	-	-	1,110	1,110	-	-
			-		62,137	62,137	-	-
Nutrition Cluster								
081970 National School Lunch Breakfast	10.553	36,771	-	-	36,771	36,771	-	-
071970 National School Lunch Breakfast		2,922	-	-	2,922	2,922	-	-
			-		39,693	39,693	-	-
081950 National S/L Section 4 All Lunches	10.555	70,225	-	-	70,225	70,225	-	-
081960 National S/L Section 4 All Lunches		172,371	-	-	172,371	172,371	-	-
071950 National S/L Section 11 Free and Reduced Lunches		8,054	-	-	8,054	8,054	-	-
071960 National S/L Section 11 Free and Reduced Lunches		18,836	-	-	18,836	18,836	-	-
			-		269,486	269,486	-	-
Total Nutrition Cluster			-	-	309,179	309,179	-	-
Total U.S. Department of Agriculture			-	-	371,316	371,316	-	-
U.S. Department of Education								
Passed through Michigan Department of Education								
081530-0708 Title I - Part A	84.010	291,916	-	-	199,392	277,734	-	78,342
071530-0607 Title I - Part A		241,422	17,888	205,954	53,356	33,049	-	(2,419)
081700-0708 Title I - Part D		220,527	-	-	175,460	176,067	-	607
071700-0708 Title I - Part D		245,762	4,725	223,324	20,605	15,880	-	-
080441-0708 Self Provider Self Review		4,500	-	-	-	4,500	-	4,500
			22,613		448,813	507,230	-	81,030
Special Education Cluster								
Passed through Oakland Schools County ISD								
080450 IDEA Flowthrough	84.027	596,827	-	-	207,581	596,827	-	389,246
070450 IDEA Flowthrough		656,054	180,893	634,420	202,527	21,634	-	-
			180,893		410,108	618,461	-	389,246
080460 Preschool Incentive	84.173	21,970	-	-	7,268	21,970	-	14,702
070460 Preschool Incentive		21,068	5,495	21,068	5,495	-	-	-
			5,495		12,763	21,970	-	14,702
Total Special Education Cluster			186,388		422,871	640,431	-	403,948

Oxford Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Education								
Passed through Michigan Department of Education								
0708 Carl Perkins	84.048	\$ 75,651	\$ -	\$ -	\$ 33,393	\$ 75,651	\$ -	\$ 42,258
0607 Carl Perkins		79,854	13,425	57,146	36,133	22,708	-	-
			13,425		69,526	98,359	-	42,258
082860-0708 Safe & Drug Free Schools	84.186	12,678	-	-	-	7,955	-	7,955
072860-0607 Safe & Drug Free Schools		11,383	6,464	6,464	6,464	4,919	-	4,919
052860-0506 Safe & Drug Free Schools		3,899	3,899	3,899	3,899	-	-	-
			10,363		10,363	12,874	-	12,874
080250-0708 Title V LEA Allocation	84.298	876	-	-	876	876	-	-
070250-0607 Title V LEA Allocation		854	854	854	854	-	-	-
			854		1,730	876	-	-
074290-0708 Technology Literacy Challenge Grants	84.318	2,744	-	-	2,744	2,744	-	-
064290-0607 Technology Literacy Challenge Grants		2,453	1,453	2,453	1,453	-	-	-
			1,453		4,197	2,744	-	-
Passed through Holly Schools								
0607 Title III Limited English Proficient Grant Program	84.365	3,891	-	-	-	1,290	-	1,290
Passed through Michigan Department of Education								
080520-0708 Improving Teacher Quality	84.367	96,002	-	-	77,253	88,379	-	11,126
070520-0607 Improving Teacher Quality		93,197	9,394	93,197	9,394	-	-	-
			9,394		86,647	88,379	-	11,126
Total U.S. Department of Education			244,490		1,044,147	1,352,183	-	552,526
U.S. Department of Health and Human Services								
Passed through Oakland Livingston Human Services Agency (OLHSA)								
H-0520-0708 Headstart	93.600	154,237	-	-	-	85,687	-	85,687
H-0520-0607 Headstart		165,357	109,365	109,365	165,357	55,992	-	-
			109,365		165,357	141,679	-	85,687
Passed Through Oakland Schools County ISD								
Medicaid Transportation	93.778	60,039	-	-	53,998	53,998	-	-
			<u>\$ 353,855</u>		<u>\$ 1,634,818</u>	<u>\$ 1,919,176</u>	<u>\$ -</u>	<u>\$ 638,213</u>

See Accompanying notes to Schedule of Expenditures of Federal Awards

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2008

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2008.
3. The federal amounts reported on the Forms Grant Auditor Report and the R-7120 "Grant Sections Auditor's Report" are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

 X yes _____ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027 & 84.173
10.553 & 10.555

Special Education Cluster
Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2008

SECTION II – GOVERNMENT AUDITING STANDARDS FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2008.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Finding	Questioned Costs
08-01	Title IA	\$ 2,974
	Title IIA	\$ 2,569
	Title III	\$ 1,748
	Condition: The District's June 30, 2008 expenditure trial balances did not support the final cash request made by the District.	
	Effect: The District over-requested the cash needed for grant operations. The amounts are shown as deferred revenue at June 30, 2008.	
	Cause: The District posted journal entries to federal expenditure accounts after the cash requests were made to conform to the allowable grant expenditures.	
	Recommendation: Detailed review of federal expenditure accounts be done prior to cash requests.	
	Views of officials and corrective action plan: The detailed expenditure accounts will be reviewed and formally approved by the program director. Adjustments, if necessary, to expenditure accounts will be done prior to cash requests being made.	

Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2008

There were no audit findings for the year ended June 30, 2007.